

WORKING CAPITAL FUND BOARD
MINUTES OF MEETING
July 26, 2000
(1:30-3:30 PM)

Attendees: See attached list.

(1) Introduction

The Chair announced the Deputy Secretary's extension of Board membership through June 2001, noting that the Office of Intelligence has chosen to leave the Board and the Offices of Community and Worker Transition and Security and Emergency Operations are joining the Board.

He also noted that Tom Tamura, the Deputy Director of the Office of Management and Administration will retire from Federal service on August 1, 2000. The Board expressed appreciation for Tom's service in the Department, including his work in helping to establish the Fund and his leadership of the Board on several occasions.

(2) Minutes of April 27, 2000 Board Meeting:

The Board approved the minutes of the April 27, 2000 Board meeting without change. The Board Secretary was asked to provide members with draft minutes sooner after Board meetings, to alert programs to developments.

(3) Third Quarter Report

The Fund Manager, Howard Borgstrom, summarized the written report on developments during the first three quarters of FY 2000. He noted that there had been an excess of business expenses over earnings, but that approximately two-thirds of this excess was attributable to two business lines: Supplies and Payroll and Personnel. In the case of Supplies, the financial losses were in line with those at the time of the mid-year report, and a working group is planning a substantial re-engineering of the business. In the case of Payroll and Personnel, the main factor explaining the apparent loss is that the business was spending contributed capital that had been carried over from prior years, hence the excess of costs over current year earnings. No changes in pricing policies are needed in FY 2000.

The Manager noted that the billing system has continued to produce timely results, but that there were a significant number of adjustments that had to be made to DISCAS data on the business expense side. He indicated that a contractor was being tasked to review the reporting systems for businesses, so they would have the information needed to make timely accruals into DISCAS.

He noted that the operating efficiency metrics indicated that the customer-side reductions in consumption appear to have flattened out. He will work with business lines to develop improved metrics dealing with operating efficiencies, and a sample business plan is being developed by a contractor.

Board members requested that financial reports show the expenditure of development funds more clearly to better match contributed capital to costs so that such cases do not appear to be operating loss.

(4) Information Management Initiatives

The Chair noted that the next three agenda items pertained to the Office of Security and Emergency Operations and invited SO representatives to brief the Board in the sequence it preferred. Based on this, Mike Orosz from the Chief Information Officer organization provided an extensive written and oral briefing to the Board. After recounting the background of the Secretary's March 2000 Management Efficiency Initiative, he described the schedule and phasing approach agreed to by the Executive Committee on Information Management. He noted that the current funding sources for the candidates for inclusion in the Fund were as follows:

S	CMIP	\$3.1M
S	CIO	\$4.8M
S	Program Offices	\$14.7M

A presentation entitled "Twelve Additional IT Services in the DOE Working Capital Fund" summarized the proposed business pricing policies for additions to two existing business lines, Networking and Voice and Data, plus new Messaging, Video Services, Other IT Services, and Corporate IT Services business lines. These pricing policies had been recommended by an Executive Committee on Information Management (ECIM) working group and were accepted by the ECIM at its meeting on July 21, 2000. Based on this presentation and on an extensive discussion, the Board took the following actions:

Pricing Policies: The Board endorsed the inclusion of these business lines in the Fund and also endorsed the initial pricing policies that the Working Group had provided to the ECIM and the Board. The Board adopted the recommendation that the Working Group would become a WCF Working Group to advise the Board. The Working Group was encouraged to continue to analyze possibilities for more usage-based pricing policies for consideration by the Board.

Accountability: The Board asked the IT Working Group to consider methods for ensuring accountability in service delivery and to make recommendations to the Board. It is understood that these methods and recommendations would be potentially applicable to a broad range of WCF businesses, so the Working Group would consider the operations of non-IT businesses in the Fund.

Governance: Based on a recommendation of the Chair, the Chair was authorized to form a new Working Group that would advise the Board on governance issues that would include, but not be limited to, methods for including the new IT businesses into the Fund.

Follow-on Matters

- Board Secretary noted that, for DOEnet, Program customers should plan to include a full 12 months of cost requirement in their individual budgets, even though it is intended that the pricing policy will change for percent of population to usage-based during the first quarter of FY 2001.
- The CFO, CIO, and MA will continue to work on remaining key funding policy issues, including communications with the Congress.
- The CIO staff presented a set of potential policies governing customer choice and withdrawal from service. It is understood that these will be considered further by the Working Group.

(5) Desktop Services

Penny Gardner from the CIO Office presented a set of additional options for Desktop Training pricing policies. The purpose of these options is to expand customer choice and to encourage full utilization of the training staff and facilities. The Board commented very favorably on the proposed changes and approved the additional pricing policy options. The Business Line staff was requested to coordinate with Dr. Jerome Butler, Director of Training and Human Resource Development, concerning centralized computer-based training.

(6) Protective Film

David Jones of the Office of Security and Emergency Operations presented a proposal from General Habiger for WCF funding a of protective film for window glass at the Forrestal Building. It was the SO view, expressed by Mr. Jones and Ms. Nancy Holmes, that the protective film would constitute a health and safety measure appropriate for financing as a WCF building occupancy investment rather than as a security investment financed from the SO budget. The total cost of the proposal was \$0.7 million, and optional methods for allocation of the cost included:

- S By Building Space (All vs. FORS)
- S By Population (All HQ vs FORS)

The discussion by Board members centered on the question of whether this cost should be borne by Fund customers or by SO, and whether the need was sufficiently urgent to warrant spending

DRAFT, August 8, 2000

from the Fund now rather than wait for the next budget cycle.

A motion to approve the SO proposal was rejected with 2 yeas and 7 nays.

(7) FY 2002 Budget

The Fund Manager indicated that the FY 2002 budget estimates for the Fund, originally supplied to customers in May 2000, would be updated to reflect the actions of the ECIM and the Board on the Information Technology businesses as well as other new developments. He further indicated that he would attempt to distinguish clearly between the items that were being transferred to the Fund from the CIO budget and those which were already being financed by customers.

(8) Telephone Service at L'Enfant Plaza

Patrick Hargett of the CIO Office briefed the Board on an initiative to reduce the telephone infrastructure costs by combining the telephone systems in the Forrestal and L'Enfant Plaza facilities. Ultimately, this would save approximately \$250,00 annually, though the one-time investment requirements in FY 2001 would offset the savings in that year. Accordingly, the first full year of savings would be FY 2002.

The Board expressed its heartfelt appreciation to Mr. Hargett and approved the proposal.

Meeting Attendees

BOARD:

MA David Klaus
GC Eric Fygi
CR Tom Palmieri
DP Roger Lewis
NN Tom Ryder
EM Barry Clark
EIA Steve Durbin
EE [Not Represented]
EH Jeff Judge

NE Arnie Sirulnik
PO Margot Anderson
FE Chuck Roy
WT Gary King
SO Dave Jones
SC Lorna McAllister
CIO John Gilligan
Secretary- Howard Borgstrom

ATTENDEES:

Mike Orosz - SO
Penny Gardner - SO
Patrick Hargett - SO
Amy Ingber - SO
Ann Warnick - SO
Steve Garvey - SO
Howard Landon - SO
Ron Shores - SO
Carlos Segarra - SO
Nancy Tomford - SO
Nancy Holmes - SO
Shirley Barker - CR
Bob Emond - CR
Joanne Luczak - CR
Kristia Kuderabek - CR
Penny Lamb - CR
Leslie Gasperow - EH
Stephen Warren - EM
Gail Stern - FE
Dan Bullington - GC
Barry Schrum - IG
Lang Soo-Hoo - NE
Pat Jupiter - Jupiter Corporation
Mark Flanery - Jupiter Corporation
Laura Brown - PA

MA:

Pete Richards
Fran Feiner
Roscoe Harris
Ingrid Robinson
John Harrison
Cheryllyne Williams
Jeff Rubenstein
Karen Adams
Tony Nellums
Marcia Morris
Louie D'Angelo
Brian Costlow
Doug Bielan
Margaret O'Brien
Anthony Nguyen
Katrina Gonzalez
Jan Chavez